

The Borden Company

ANNUAL REPORT 1956

BOARDS

1857



SECOND
100
YEARS

Indexed Ref. aids: Anniversaries



Sweet and simple dessert. Parfaits are made with Borden's Vanilla and new Dutch Chocolate Almond ice cream, layered with Borden's Dutch Chocolate Syrup and whipped heavy cream. Brownies accompanying Borden's Instant Coffee use light cream.



The Borden Company

1956

ANNUAL REPORT

contents	page	contents	page
Directors, Officers and Corporate Data	2	New Products	12
To Our Stockholders and Employees	4	Advertising	12
The Year	5	Elsie	13
Sales	8	Employees	14
Centennial	8	Safety	14
Profits	8	Management	15
Dividends	9	Growth	15
Inventories	9	Ten Year Summary	18
Ownership	10	Consolidated Balance Sheet	20
Litigation	10	Consolidated Income and Earned Surplus	22
Working Capital	11	Notes to Financial Statements	23
Stock Options	11	Accountants' Certificate	24
Research	11	The Borden Story	25

Board of Directors

Theodore G. Montague, *Chairman*

Harold W. Comfort, *President*

Charles A. Eckburg, *Vice President*

L. Manuel Hendler, *Baltimore*

Robcliff V. Jones, *New York*

Lester Le Feber, *Milwaukee*

Madison H. Lewis, *New York*

Thomas I. Parkinson, *Counsellor-at-Law*

Henning W. Prentis, Jr., *Chairman of Board,
Armstrong Cork Company*

Albert C. Simmonds, Jr., *President,
Bank of New York*

Roy D. Wooster, *Vice President*

Officers

Theodore G. Montague, *Chairman of the Board*

Harold W. Comfort, *President*

Cecil I. Crouse, *Vice President*

Charles A. Eckburg, *Vice President*

Willis H. Gurley, *Vice President*

Augustine R. Marusi, *Vice President*

Roy D. Wooster, *Vice President*

Everett L. Noetzel, *Treasurer*

Douglas T. Orton, *Secretary*

Louis Csenge, *Assistant Vice President*

Stuart Peabody, *Assistant Vice President*

Theodore O. Hofman, *General Controller*

Harry L. Camp, *Assistant Treasurer*

Kenneth J. Neagle, *Assistant Secretary*

The Borden Company

Corporate Data

EXECUTIVE OFFICES

350 Madison Avenue, New York 17, N. Y.

REGISTERED OFFICE

117 Main Street, Flemington, N. J.

GENERAL COUNSEL

Milbank, Tweed, Hope & Hadley
15 Broad Street, New York 5, N. Y.

AUDITORS

Haskins & Sells
67 Broad Street, New York 4, N. Y.

REGISTRAR

Bankers Trust Company
16 Wall Street, New York 5, N. Y.

TRANSFER AND DIVIDEND DISBURSING AGENT

The Chase Manhattan Bank
40 Wall Street, New York 15, N. Y.



The above photograph was taken during the November meeting of the Board of Directors. Seated, from left, are: Harry A. Ross*, Thomas I. Parkinson, Henning W. Prentis, Jr., Charles A. Eckburg, Lester Le Feber, Theodore G. Montague, Harold W. Comfort, Roy D. Wooster, Madison H. Lewis, Albert C. Simmonds, Jr., Robcliff V. Jones, and L. Manuel Hendler, Directors. At extreme right is Morris Hadley, of Milbank, Tweed, Hope & Hadley, General Counsel; standing is Douglas T. Orton, Secretary.

*Resigned December 31, 1956.



Chairman of the Board Theodore G. Montague (left) and President Harold W. Comfort pose with Elsie the Cow. The photograph was taken in the Board Room during the filming of a special Centennial motion picture for employees on our Centennial plans.

To Our Stockholders and Employees

The 100th year of Borden business was also its best year. Sales, volume and earnings reached their highest levels. Many new developments gave promise of increasing vigor to meet the challenge of our Second Century.

A wide variety of new or improved products was introduced. While none of these products, individually, looms large in our sales, in the aggregate they are important. Further, we believe their diversity strengthens the Company, and provides a welcome stimulus to our sales forces.

Further growth of this kind in our food business will be encouraged with the completion of our new \$1,000,000 Research and Development Center, and the functioning of new special committees that have been set up to concentrate the Company's best technical thinking on product development and improvement, as well as market research.

Our widened concept of food research was inspired by the success of our chemical business, based largely on an active research program. Still small in the over-all Borden structure, chemical operations grew rapidly in 1956 and now account for almost 5% of total sales.

In the food line, we consider the continued growth of supermarkets an important factor.

Ready consumer acceptance of the Borden brand helped our sales to these stores, while we further increased volume by processing products for sale under their own brands.

Improved prospects abroad led us to strengthen our foreign operations. In their own right these operations are substantial, although they do not, of course, approach the volume of our domestic business. Their need for capital has delayed dividends. However, they are expanding, and the value of our investment in them is growing. We believe their future is promising, and they are good potential contributors to Borden earnings.

The prospects for the year ahead are bright. Our business should expand with the expanding economy. Some situations that retarded progress have been cleared up — or should be in 1957. With anticipated increases in volume our sales should reach a new high point. We believe also that 1957 earnings will set another record.

Our anticipations are heightened by the Centennial program, designed to stimulate new activity within the Company. All the potentialities of a plan as unique and ambitious as this cannot, of course, be fully realized. But the goals set, and the progress already made, are heartening. The plan is certain to have lasting and beneficial effects.

We are grateful for the good efforts of Borden people everywhere in achieving 1956 results, and for their enthusiasm in building for Borden's Second Century. We appreciate the continued interest and support of stockholders, and welcome their suggestions for the betterment of the business.

Theodore G. Montague

Chairman

H. W. Comfort

President

February 25th, 1957

The Year

The economist, with his statistics, and the well-fed American, with his conveniences and comforts, agreed: There had never been a year like it. During 1956, more Americans produced more, sold more, consumed more, earned more, and saved more than ever before in any nation's history. More important, this prosperity was being enjoyed in an atmosphere of real, if uneasy, peace.

Nor was the U. S. alone. In Canada, total output of goods and services climbed to a new high of almost \$30 billion; employment was at a peak, unemployment at a new low.

The U. S. expanded. Births of more than 4,200,000 set a new record, and a person was added to our population every 12 seconds. Consumer income rose, particularly in the low income group. The food industry benefited from these factors which stimulated demand for all foods and especially for fancier, more convenient-to-use items.

The dairy industry and the farmer supplying it welcomed the rising trend of fluid milk consumption. While a little more than half of the 3% increase was due to population growth, the remainder resulted, significantly,

from higher per capita consumption. This upward trend aided the farmer financially: he receives more for fluid milk than for milk going into manufactured products such as butter and cheese. The higher consumption also absorbed a large volume (about 800 million quarts) that might otherwise have been converted into burdensome surpluses of manufactured dairy products.

An abundant America shared its bounty, shipped abroad more than \$4 billion worth of agricultural products. Heavy exports of vegetable oils and fats firmed prices at home, a reaction helping the soy industry.

With a million new families formed during the year, the construction industry hustled to shelter them. This was an aid to the sales of adhesives going into plywood for construction and veneers for high-grade furniture.

Thus the sounds of a prosperous America echoed in many corners of Borden operations. In some instances, as in sales, the Company's improvement exceeded that of the economy as a whole. In others, because of the nature of Borden's business, or because of conditions within industries of which it is a part, the



A line of garden hose and sprinklers, several varieties of molded gelatin salads and desserts, two food drinks, and prepared buttermilk biscuits were introduced by Borden's during 1956. For a report on other new or improved items, see Page 12.

Borden's Centennial Tree

From one item, condensed milk, in 1857, the number of Borden products in the past century has grown to more than 800. Shown here are the "Main Line" items. Some are in the Borden family by birth, some by adoption — as firms joined the Company over the years. Dates given are the years in which the products were first manufactured by us; illustrations show the products as they are today, many of them having undergone major improvements in processing techniques and package design since they first appeared on the market.



CHEESE OPERATIONS
Liederkrantz Brand cheese—1929; Cream cheese—1929; Cheese spreads in glass—1933; Grated cheese—1940; Gruyere cheese—1946; Borden's biscuits—1950; Consumer-packaged natural Cheddar—1955; Molded gelatin salads and desserts—1956.

CHEMICAL OPERATIONS
Casein—1929; Cascamite (powdered urea resin)—1940; Elmer's Waterproof Glue (resorcin-phenol resin)—1946; Formaldehyde—1946; Elmer's Glue-All (polyvinyl acetate)—1947; Elmer's Contact Cement—1954; Borden's 38—1955; Elmer's Non-flammable Contact Cement—1956; Resinite hose and flexible sprinklers—1956; Placco—1956.

FLUID MILK OPERATIONS
Fluid milk—1875; Cream—1875; Buttermilk—1875; Gail Borden Signature Quality milk—1943; Dutch Chocolate drink—1953.



Condensed Milk

ICE CREAM OPERATIONS

Borden's ice cream—1914; Lady Borden ice cream—1947; Elsie Brand novelties—1954; Lady Borden (half gallons)—1955; Dutch Chocolate Almond ice cream—1956.

FOOD PRODUCTS OPERATIONS

Evaporated milk—1892; Malted milk—1904; Klim—1928; None Such mince meat—1928; Hemo—1941; Starlac—1942; Instant coffee—1945.

SPECIAL PRODUCTS OPERATIONS

Beta-Lactose—1930; Flaydry—1936; Mull-Soy liquid—1941; Bremil—1950; Mull-Soy powdered—1953; Omni-Mix—1956.

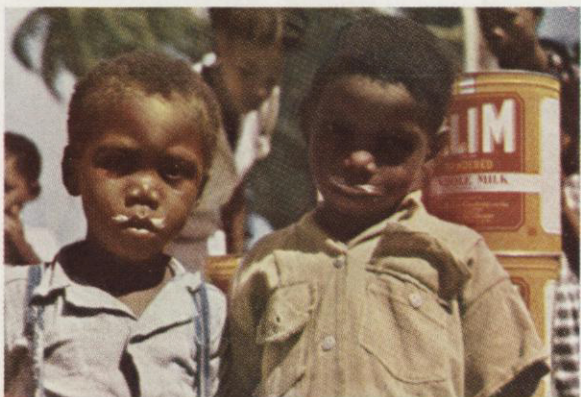
1956

7

"The Company's sales reached an all-time high"



This is the Gail Borden Rose, developed by Jackson & Perkins Company and named in honor of the founder of The Borden Company. An exhibition-type hybrid tea rose, it reaches 6-inch diameter in full bloom.



When a team from the Institute of Human Variations at Columbia University visited British Honduras as part of a medical survey of primitive peoples, it took along Borden's Klim as barter in return for blood samples. British Honduras is the home of the Black Caribs (above), descendents of shipwrecked African slaves who took on American Indian culture.

rates of change were not so great. But by every pertinent measure, 1956 was the best year in Borden's 100-year history.

SALES The Company's sales in 1956 reached an all-time high of \$876,987,184, about 8.3% above the \$810,126,624 of 1955, the previous record year. Part of the Company's gain in sales came from price levels that averaged slightly higher; the greater part, from the larger volume of goods sold. Tonnage handled by the Company was larger than in any previous year.

CENTENNIAL Although the factors that aided Borden's sales growth in 1956 should be present again in 1957, they alone will not determine the outcome of the Company's Centennial year. After more than 16 months of planning, we launched on January 1, 1957, a unique Centennial observance: externally, a concerted drive, through advertising and promotion, to acquaint a wider audience with the Company, its products and activities; internally, an organized program to integrate the skills and experience of every one of our 34,160 employees with Company planning, its purpose to improve the efficiency and productivity of the entire organization. Only briefly during the Centennial will we deal with the past; mostly, we will chart the future and work toward it.

PROFITS Record profits went with record sales. We earned \$23,602,746, 9.0% more than the \$21,653,536 in 1955, and 3.9% above the previous high of \$22,724,336 set in 1954. Per share earnings were \$5.01, as compared with \$4.61 the year before. For each dollar of sales we earned about 2.7¢, as against the 20-year average of 2.9¢.

The increase in sales did not result in a proportionately larger increase in profits for several reasons. Selling prices of some principal products declined without compensating decreases in costs, both for labor and material. Sales promotional expenditures increased, because of wider coverage, greater competi-

"We paid our 187th consecutive dividend"



As a goodwill gesture, employees at our Van Wert, Ohio, cheese plant, where we make Camembert cheese, donated funds for a new statue of Marie Harel, discoverer of Camembert, at Vimoutier, France. The original was destroyed in error in 1944 by U. S.



planes. Dedication ceremonies were held in October at Van Wert and Vimoutier, with Mrs. Frank J. Lausche, wife of then-Ohio Governor Lausche unveiling the sculptor's model, and Will A. Foster, of the Cheese Division, dedicating the Vimoutier statue.

tive activity and higher costs. The quest for new and improved products required a greater outlay for research. While these last two — promotion and research — may temporarily reduce the rate of profit, their effect on sales can pay their cost many times over.

The value of our investments in our group of unconsolidated subsidiaries continued to grow. Our reported earnings include \$500,000 in dividends from this source, as compared with \$600,000 in 1955. Our share in their earnings was about \$3,800,000, approximately 7.3% less than the record figure of 1955. Thus, our equity in their net tangible assets increased, and at the close of the year was about \$17,100,000 more than our total investment in them.

DIVIDENDS The Company paid stockholders cash dividends totalling \$2.80 a share, the same as in 1955. Interim dividends of 60¢ a share were paid on the first of March, June,

and September, and a final dividend of \$1.00 on December 20th.

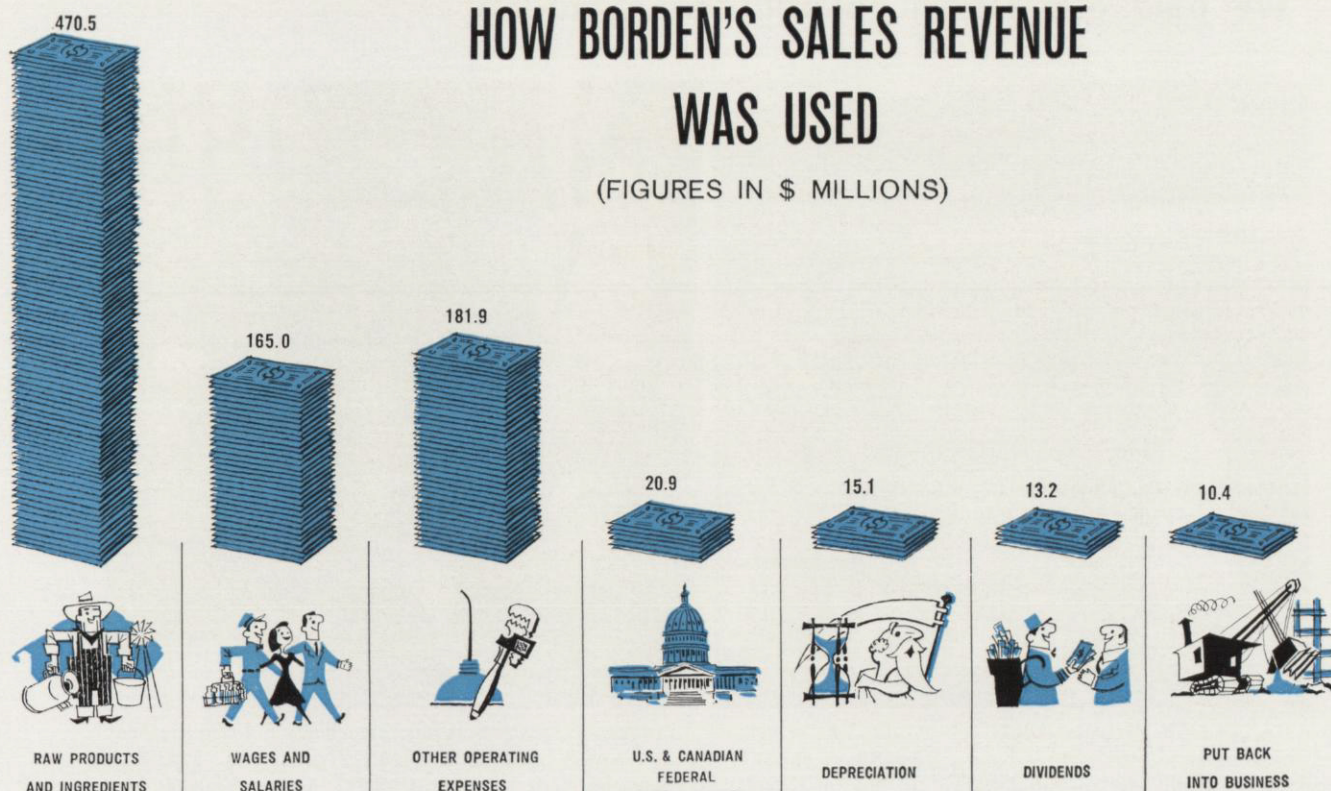
The year-end dividend was the 187th consecutive payment since the Company was incorporated in 1899, and brought our unbroken dividend record to 58 years. Of the 1,298 companies listed on the New York Stock Exchange, only about 40 have comparable or longer records.

INVENTORIES We increased our inventories during 1956 to bring them more into line with our rising level of sales. They were valued at \$62,167,264, an increase of nearly 5.4% from 1955. For some years now we have been using the last-in, first-out (LIFO) basis in valuing our principal inventory items. Had we not been on the LIFO method, our total inventory values would have been about \$8,000,000 higher than those reported.

Of our total inventories at the close of 1956, \$34,964,502 worth were in the form of finished goods ready for marketing, and

HOW BORDEN'S SALES REVENUE WAS USED

(FIGURES IN \$ MILLIONS)



\$27,202,762 in the form of materials and supplies. An adequate reservoir of finished goods keeps the pipelines of distribution filled, promotes efficiency, and avoids shortages at the point of sale. On some of Borden's manufactured items, for example, many months may elapse from the time a product leaves the production line until it enters the wholesaler's warehouse. In some instances, we have saved in transportation costs by establishing intermediate distribution points made possible by sizeable inventories. On the other hand, inventories of fluid milk and ice cream operations are of minor consequence because of the quick turnover of their products.

OWNERSHIP There were 4,707,000 shares of the Company's capital stock outstanding on December 31st, as compared with 4,692,000 shares a year earlier.

During the year the Company bought 124,349 shares of its stock; from these and previous purchases, 130,990 shares were re-

issued for the acquisition of new businesses.

There were 48,488 stockholders of record at the close of the year, as compared with 48,876 in 1955. These figures, however, do not include the large number of beneficial owners whose stock is listed in the names of brokerage firms, nor the thousands who share in the ownership of Borden's through participation in mutual funds or other group holdings. There are Borden stockholders in every State, in Canada, and in 35 foreign countries and possessions. The average holding was 97 shares; in 1955 it was 96 shares. So far as we know, no individual owns as much as 1% of the stock outstanding.

LITIGATION Apart from the usual litigation arising in the course of business, the Company was involved in several cases of more than routine importance.

The Federal Trade Commission issued complaints against the Company and three other leading companies in the dairy industry al-

"Stock options were granted to 1,295 employees"

leging violations of the Clayton Act and the F.T.C. Act in the acquisition of certain dairy concerns. While these laws are not clear — and have not yet been fully interpreted by the courts — we nevertheless believe that our acquisitions are legal, and that competition is strengthened and not lessened by our acquisition of properties.

The F.T.C. actions against eight large ice cream manufacturers, including the Company, filed in 1954, are still pending.

The Company, eight other dairy concerns and certain officers and employees were charged in Florida with violation of the Sherman Act.

A Federal Court dismissed the suit against the Company and several other concerns, which was brought by certain New Jersey milk producers and challenged the validity of a Federal milk marketing order.

There were no significant developments in other important litigation referred to in prior Annual Reports.

WORKING CAPITAL Current assets of \$170,554,395 and current liabilities of \$52,322,290 (a ratio of 3.26 to 1) left a balance of \$118,232,105 as working capital, as compared with \$119,400,811 in 1955. It decreased because of the need for greater withdrawals for capital expenditures. However, current assets are \$65,607,105 in excess of total liabilities.

STOCK OPTIONS At the beginning of 1956, no options for the purchase of shares of the capital stock of the Company had been granted from the 400,000 shares authorized by stockholders at the Annual Meeting on April 20, 1955. On May 29th, options for 143,285 shares at \$55.35 a share were granted to 1,295 employees. During the year 8,359 shares were purchased, and options for 625 shares were cancelled due to termination of employment. At the close of the year, options for 134,301 shares were outstanding and 257,340 shares remained available for the granting of options in the future.



Governor Robert B. Meyner of New Jersey pins a silver Pasteur Award for heroism on our Marvin Schminke, a routeman for Borden's Farm Products of New Jersey. Mr. Schminke received the medal for halting a truck after its driver had become unconscious.

RESEARCH In keeping with our Centennial theme of looking to the future, it was appropriate that we should undertake the largest research program in our history. In September, we announced plans for a \$1,000,000 Research and Development Center at Syracuse, N. Y. It is scheduled for completion in the Spring of 1957. This Center will utilize laboratory research and pilot plant methods for the creation and commercial development of new food products, and for the refinement and improvement of the Company's present products. A feature of the pilot plant will be the installation of commercial-size equipment, which will enable us to develop a product (and the equipment needed to manufacture it) to the point where it can be moved directly into a plant with minimum disruption of regular production schedules.

All phases of product development and improvement will be carried out at the Center, including studies of packaging to improve product protection and marketability, work with packaging machinery in the develop-

"An Executive Research Committee was formed"

ment of high-speed equipment, flavor evaluation, and consumer and marketing research. By concentrating research activities at the Center, we will also have better measurement and control of development costs.

In addition to a General Research Laboratory at Philadelphia, Pa., for chemical products, we have established several technical service laboratories where customers (and potential customers) may present technical problems for solution. And the strange world of science develops its own peculiar problems: our researchers are devoting part of their time to devising uses for products their experiments have created.

Research is costly, both of itself, and in terms of the obsolescence its success forces upon products and plant. To justify research expenditures, we must have reasonable assurance beforehand that a product is wanted and, after it has been developed, will be accepted. Borden's, therefore, is putting greater emphasis on consumer and market research: the scientific gathering, analysis and application of data on consumer likes and dislikes

in all areas where we might have an interest.

During the year, an Executive Research Committee, with the President as Chairman, was organized to encourage the research activities of the entire Company. Working with this group is a Product Idea Committee, which assists in evaluating ideas for new and improved products.

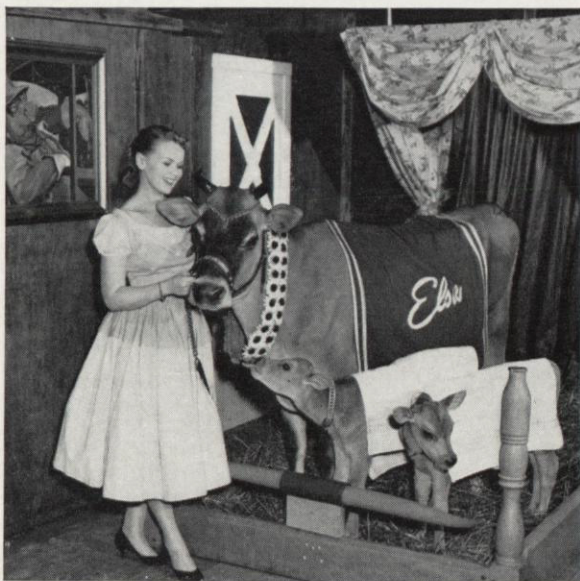
We believe that out of our greatly accelerated research program will come products that in a few years will make an important contribution to our sales and profits.

NEW PRODUCTS The diversity of Borden operations was reflected in the variety of new and improved products introduced during the year. Dressed in its own distinctive carton, Dutch Chocolate Almond ice cream was extensively promoted with excellent sales results. Borden's Dutch Chocolate syrup made its appearance. Two new convenience items, Instant Hemo (a fortified food drink) and Instant "Double Malted" Chocolate malted milk were put on the market. We added buttermilk biscuits, molded gelatin salads and desserts, and potato salad to a growing list of products offered through grocery stores. A "pop-open" container for biscuits was perfected.

Our consumer line of chemical products was expanded. For lawns that our fertilizer made grow, we added garden hose and sprinklers to keep them green. We introduced a non-flammable contact cement, which eliminates the former hazard of using this type of product in confined or unventilated areas. And we began making asphalt toppings for driveways and asphalt coatings for roofs.

In the industrial field, we added medical tubing and insulating sleeving; late in the year began the first Borden production of polyvinyl chloride resins. Flaydry-Fermacto and Omni-Mix, feed supplements, were made available to feed manufacturers for the first time in 1956.

ADVERTISING Last year, more people than ever before heard, saw and read Borden ad-



Elsie the Cow poses in her mobile barn boudoir with her newly-arrived twins. The bull calf and heifer, who will accompany Elsie on her personal appearances in 1957, are the subject of a "Twin-Naming" merchandising contest with \$100,000 in prizes.

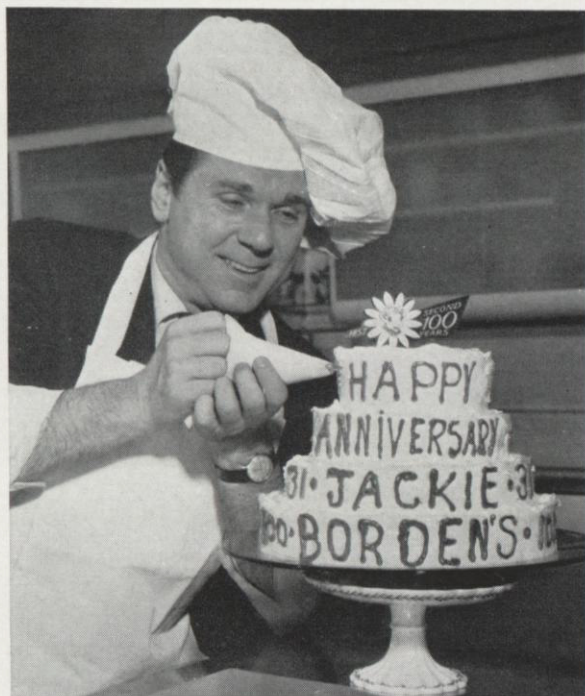
"Elsie the Cow announced the arrival of twins"

vertising messages. In October, we began sponsorship of a children's program, "Fury." Television's most popular daytime show, "Fury" is telecast over the NBC network Saturday mornings from 146 cities. In July, we added twice-weekly a 15-minute portion of "Queen for a Day," another top-rated daytime TV program. The popularity of our Thursday night TV show, "The People's Choice," continues to rise. In Canada, we discontinued our television programming in favor of heavier advertising in daily newspapers and in week-end newspaper supplements. Also, for the first time, we began scheduling full-color advertisements in the week-end "magazines," to take advantage of the added appeal and selling potential of product illustrations.

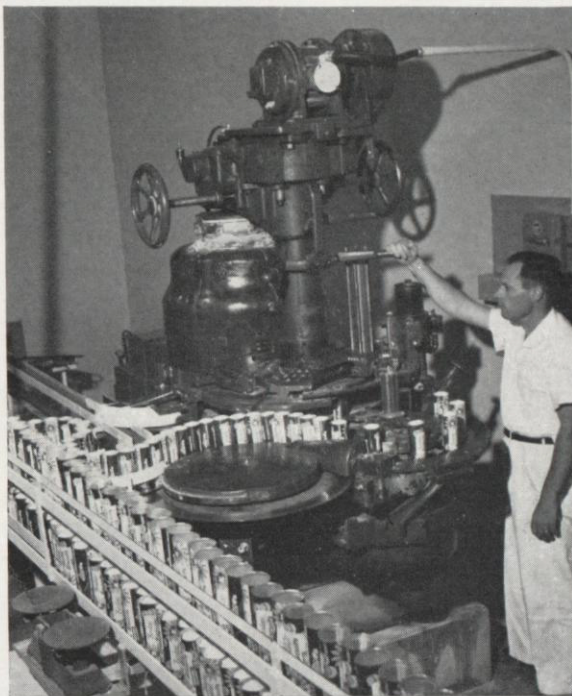
Other principal advertising media in the U. S. also carried Borden selling messages. Full-color advertisements appeared through-

out the year in such wide-circulation magazines as "Look," "Life," "Good Housekeeping" and the "Saturday Evening Post." Medical, technical and business publications promoted specialized products. Throughout the country local newspapers and local radio and television stations brought our message to the public.

ELSIE Shortly after midnight on New Year's Day, 1957, Elsie the Cow announced the arrival of twin calves (a bull-calf and a heifer), thereby setting off the biggest promotional campaign in Borden's history. Borden customers throughout the United States and its possessions, and in Canada, are being offered \$100,000 in prizes in a contest to name Elsie's twins. Coordinated with contest advertising are special merchandising programs in stores in which "twin-purchase" values are being featured.



Jackie Cooper, star of our Thursday night TV show, *The People's Choice*, visited The Borden Test Kitchen to find a special cake waiting. Made from a Kitchen recipe, the cake notes our 100 years in the food business, and Jackie's 31 years in show business.



Packages of Borden's Biscuits, moving at the rate of 275 cans a minute, enter this can closing machine at our New Brunswick, N. J. plant. Sealed cans, after being placed in cartons, are put in "proofing" oven at 110 degrees for two hours, then refrigerated.

"We paid \$1,800,000 in benefits to employees"

As our star saleswoman, the indefatigable Elsie, traveled nearly 20,000 miles in the U. S. and Canada last year, making new friends for Borden's. Set up in her mobile boudoir, she and her calf, Beauregard, made personal appearances in 69 cities, was visited by nearly a million people, and seen by millions more in parades and on T.V.

EMPLOYEES Reflecting the growing volume of our business, the number of employees increased during the year to 34,160, an all-time high. The amended Employees Retirement Income Plan, approved by stockholders at the Annual Meeting, became effective October 1st. All employees except those covered by union pension funds to which the Company contributes are eligible for membership in the Plan. As of its effective date, 20,979 employees were enrolled. The predominant share of the Plan's cost will be borne by the Company — approximately \$3,675,000 annually before Federal income taxes.

Claims totaling almost \$1,800,000 were paid to employees under the Company's benefit programs, exclusive of retirement payments. Voluntary membership in our Hospital-Surgical-Comprehensive Medical Expense group insurance program, to which the Company contributes a part of the cost, increased to 15,004 active and retired employees. Claims amounting to \$826,103 were incurred. Our Group Life Insurance program covered 17,438 active and retired employees for a total of \$89,975,600, and benefits amounting to \$601,250 were paid during the year. The Group Accident and Sickness program (under which weekly payments are made) and the Accidental Death and Dismemberment plan covered 19,484 employees, and \$369,232 in claims were paid.

Gold watches were presented to 73 members of the Borden Quarter Century Club on completion of 40 years of service with us. Now in its 12th year, the Club has over 6,600 members, including about 1,700 retired employees, who have completed 25 years or more of service.

SAFETY Although the number of employees increased last year, we experienced a gratifying safety record, thereby minimizing the suffering and expense that result from accidents. Both our vehicle accident and employee injury frequency rates declined from those established in 1955. Vehicle accidents were 2.51 per 100,000 miles traveled, as compared with 2.70, a 7% reduction. Employee lost-time accidents were 17.49 per million man-hours worked, as compared with 18.15 a year earlier.

Some 96% of all our employees are free from lost-time accidents each year. More than 1,700 vehicle operators have completed 15 years of driving without being involved in a preventable vehicle accident; 717 of them have completed 20 safe-driving years. With 11,500 vehicles covering more than 140,000,000 miles a year, the skill, experience and reliability of our operators are valuable Company assets.

The Company's safety programs are administered by more than 2,500 employees serving on 600 local safety committees.



Dr. Joe B. Frantz, author and authority on Gail Borden, reads letters and papers of Borden and his son, John Gail. Forty volumes, some dating to the early 1850's, were recovered last year from a barn on John's former farm at New Paltz, New York.

"Physical facilities were expanded by \$23,800,000"

Under this procedure, our safety policies can be interpreted to fit varying local requirements and conditions.

MANAGEMENT Death and retirements brought several management changes during the year.

Marcus M. Munsill, a director since 1935 and a great grandson of Gail Borden, the Company's founder, died in May. He was replaced in October by Albert C. Simmonds, Jr., President of The Bank of New York. Dr. Harry A. Ross, a Director since 1939 and a Vice President since 1941, who will reach retirement age in 1957, resigned both posts effective December 31st. His administrative duties were assumed by Louis Csenge, who was appointed an Assistant Vice President effective January 3, 1957.

Dr. Raymond J. Kunz was named President of the Special Products Division, effective April 1st. He succeeded Charles F. Kieser, who retired as a Vice President of the Company on that date.

GROWTH The year 1956 saw further growth in our plant and equipment. At the entrance to Borden's second 100 years we had greater capacity to meet our Centennial sales goals.

During the year we completed a modern ice cream plant at Columbus, Ohio, equipped throughout with the latest in materials-handling equipment, and considerably enlarged one of our milk plants in Chicago. The polyvinyl chloride resin plant at Leominster, Mass., went into operation in December.

We have an ambitious plant expansion program planned for our Centennial year. During 1957, we will complete new fluid milk plants at Abilene, Tex. and Jackson, Miss. Construction will get underway on milk plants at Beaumont, Tex. and Baton Rouge, La.; on ice cream plants at Pittsburgh, Pa. and Syracuse, N. Y.; and on combination milk and ice cream plants at Amarillo, Tex. and Orlando, Fla. Milk plants at Columbus, Ohio, Hammond, Ind., and Lake Charles,

La. will be modernized and expanded. In 1957, also, three other plant facilities will go into operation: the Research and Development Center at Syracuse, N. Y.; and formaldehyde plants at Fayetteville, N. C.; and Kent, Wash.

In April, we acquired Resin Industries, of Santa Barbara, Calif., a manufacturer of extruded plastics. We also acquired the assets and business of Pioneer Latex and Chemical Company, including a plant at Middlesex, N. J., and minor interests in companies with plants in Puerto Rico and Colombia. Pioneer manufactures a variety of protective coatings and related products.

We established our milk or ice cream operations in new territories. This was accomplished in some instances by acquiring local businesses. Included among these were firms in High Point, N. C.; Philadelphia, Pa.; Marshalltown, Ia.; and Waukesha, Wisc.

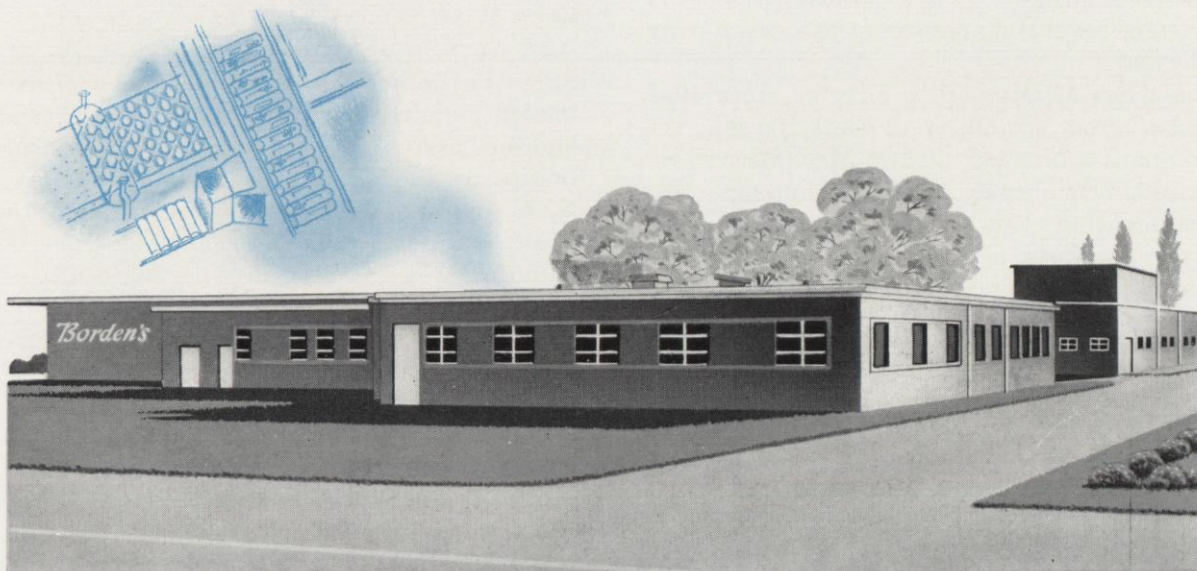
During the year, we expanded our physical facilities by about \$23,800,000. Our depreciation accruals of \$13,600,000 were, of course, inadequate to finance this entire program, and we had to dip into our working capital for \$4,400,000. Facilities, with a value of about \$5,800,000, principally motor vehicles and refrigerated cabinets, were obtained under leasing arrangements, which have been in effect for several years.

We anticipate the need to expand and modernize our physical facilities to the extent of almost \$150,000,000 over the course of the next five years — 1957 through 1961. For 1957 alone, our requirements will total approximately \$28,300,000. Depreciation accruals are expected to provide about \$14,200,000 of this amount. For the remainder, we will have to draw \$4,500,000 from retained earnings and, to the extent of about \$9,600,000, obtain leased facilities. These, again, will be mainly vehicles and cabinets, but will include some of the new building projects planned for 1957.

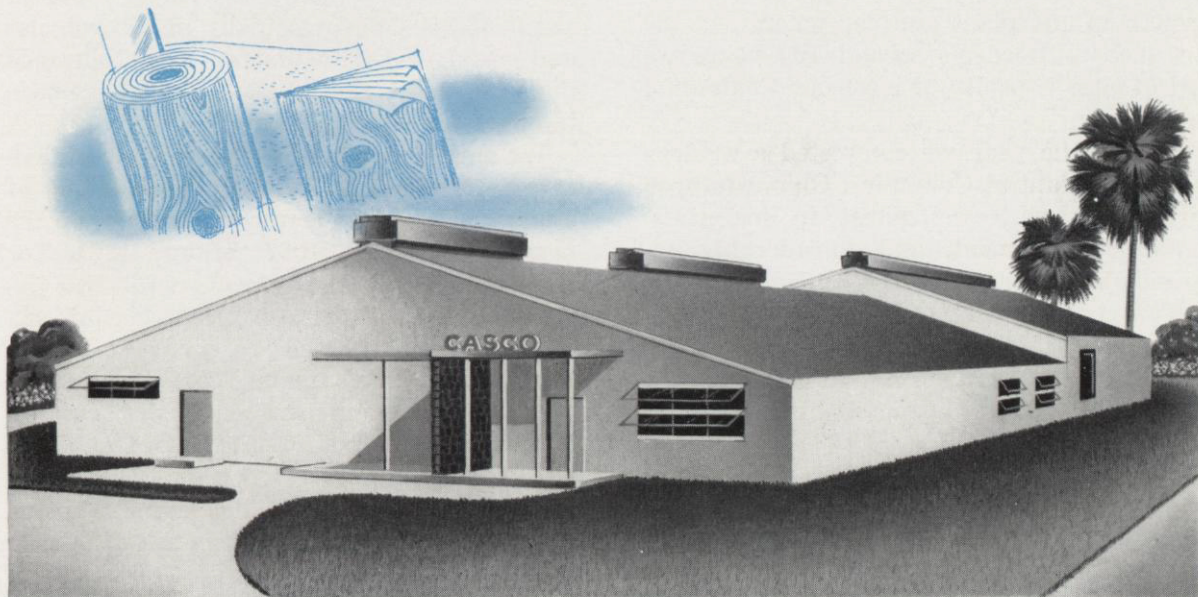
This program will enable us to enter Borden's Second Century with plants and equipment at the degree of efficiency so necessary in today's highly competitive markets.

Borden's Expansion

In 1957, our Centennial Year, we embarked upon the most ambitious building program in our history, in preparation for the challenge of our Second Century.



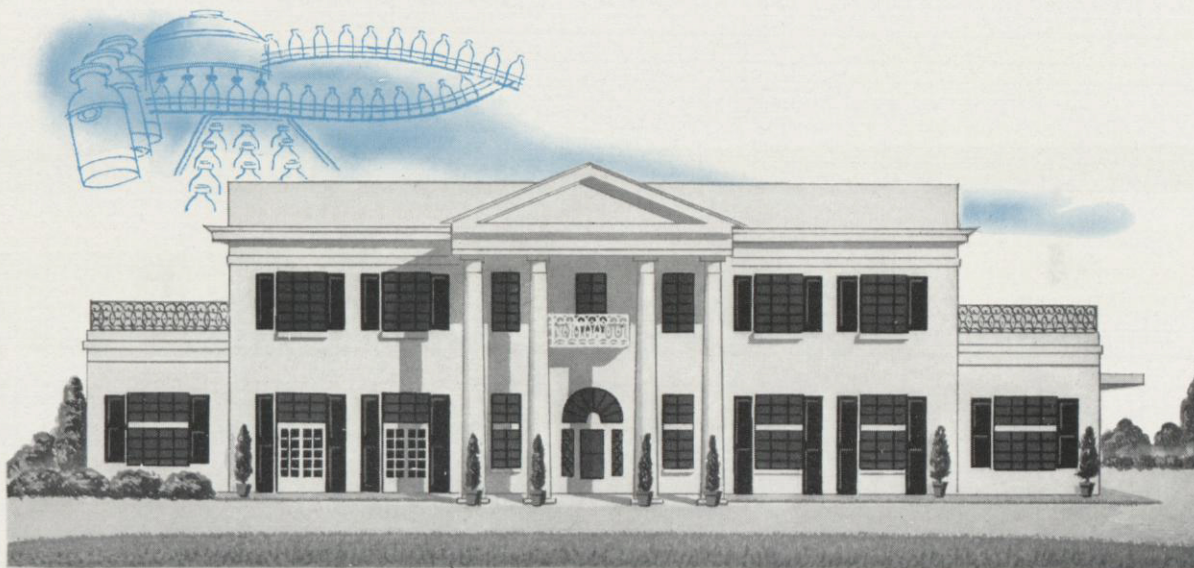
This air-conditioned building, with 65,000 square feet of floor space, will house the Southeastern manufacturing and distributing facilities for Borden's Biscuits. Located at East Point, Ga. (near Atlanta), it will also serve as the distribution center in the Southeast for our entire cheese line. Other biscuit manufacturing plants are at New Brunswick, N. J., Los Angeles, Calif., and Dallas, Tex.



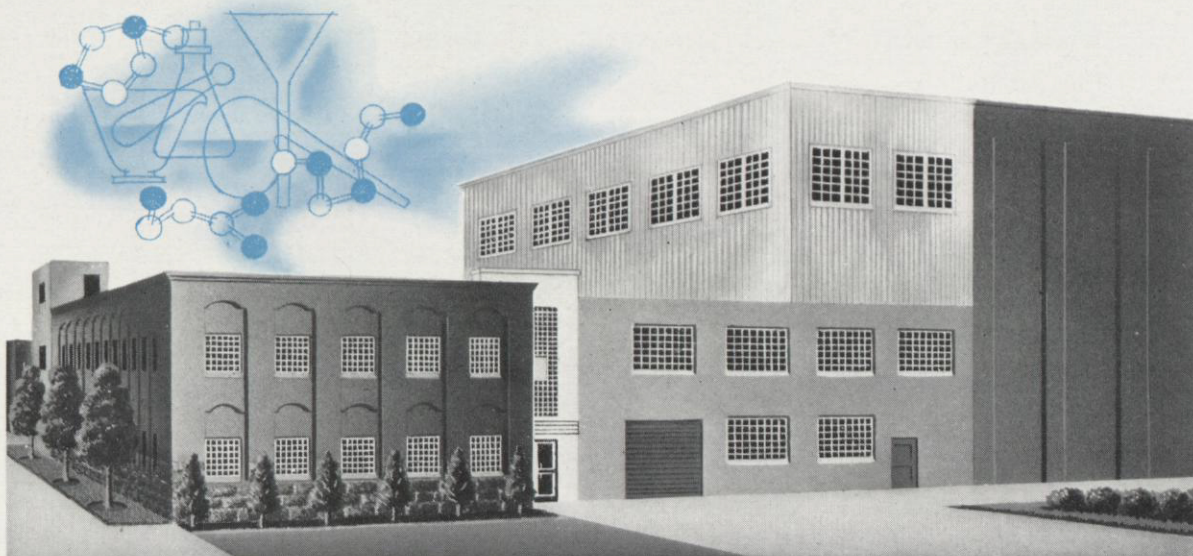
Scheduled for completion this Spring is this synthetic resins plant near Manila, which will serve the extensive adhesives needs of the Philippine plywood industry. Until now, the industry has been importing resins from foreign manufacturers, including Borden's — the trade name "Casco" for our adhesives is well known in the Philippines. Initial production will be 8,000,000 pounds per year.

at Home and Abroad

Twelve plants will be completed or get underway in 1957. Three others will be modernized and expanded. Sketched here are four plants opening in the Spring.



Representative of Borden's style of new-building construction in the South is this new fluid milk plant at Abilene, Tex., now nearing completion. The Southern Colonial architecture is in keeping with the area's tradition, and the plants add to the beauty of the communities in which they are located. Eight milk, ice cream, or combination plants will be completed or get underway in 1957.



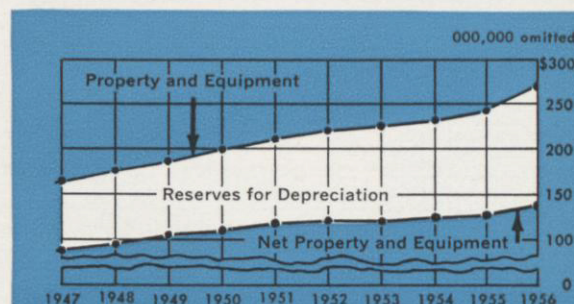
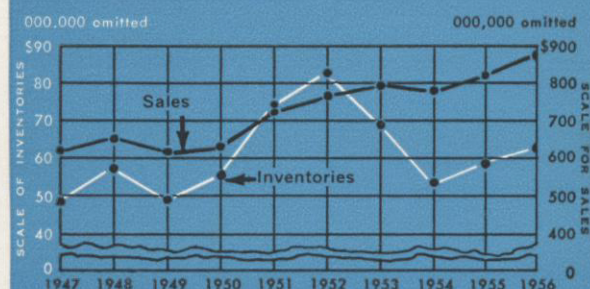
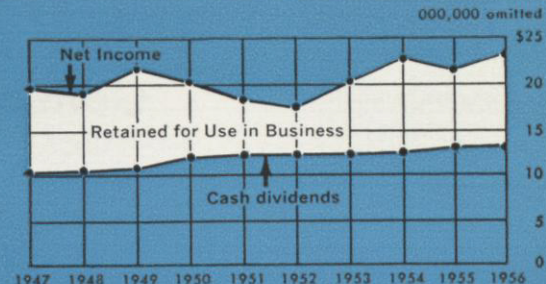
Our \$1,000,000 Research and Development Center at Syracuse, N. Y., will open in the Spring of 1957. Building at left houses seven laboratories, kitchen, package test room, cold and dry storage areas. Two-story section of center building holds pilot plant equipment, with tower area (right, with windows) equipped for full-scale dryers. A roll-up door (center) permits transit of heavy machinery.

Ten Year Summary...

	1956	1955	1954	1953	1952	
Operating	Sales	\$876,987,184	\$810,126,624	\$776,838,791	\$792,381,721	\$768,019,612
	Payrolls	\$164,966,379	\$153,233,084	\$145,063,306	\$140,063,502	\$134,784,228
	Taxes (U.S. & Canadian Fed. Income)	\$ 20,951,370	\$ 19,279,450	\$ 23,428,263	\$ 22,102,585	\$ 15,742,410
	Depreciation	\$ 15,130,492	\$ 14,282,324	\$ 13,761,179	\$ 13,294,359	\$ 12,301,608
	Net Income	\$ 23,602,746	\$ 21,653,536	\$ 22,724,336	\$ 20,264,156	\$ 17,667,137
	Per Sales Dollar	2.69¢	2.67¢	2.93¢	2.56¢	2.30¢
	Per Share	\$5.01	\$4.61	\$4.82	\$4.71	\$4.11
	Cash Dividends	\$ 13,216,528	\$ 13,176,366	\$ 12,439,939	\$ 12,034,800	\$ 12,027,145
Per Share	\$2.80	\$2.80	\$2.80	\$2.80	\$2.80	
Financial	Working Capital	\$118,232,105	\$119,400,811	\$119,436,523	\$119,578,762	\$115,921,287
	Current Ratio*	3.26:1	3.54:1	3.84:1	3.76:1	3.89:1
	Inventories	\$ 62,167,264	\$ 59,003,108	\$ 53,501,698	\$ 67,971,612	\$ 81,878,083
	Property and Equipment . .	\$266,579,863	\$247,281,722	\$233,937,180	\$224,276,381	\$219,487,155
	Reserves for Depreciation . .	\$127,647,295	\$119,172,355	\$111,285,644	\$105,685,809	\$101,724,036
	Net Property and Equipment	\$138,932,568	\$128,109,367	\$122,651,536	\$118,590,572	\$117,763,119
	Borrowed Capital	\$ 52,625,000	\$ 53,750,000	\$ 55,000,000	\$ 57,200,000	\$ 58,750,000
	Stockholders' Equity	\$212,629,907	\$201,204,674	\$194,021,424	\$185,533,017	\$177,012,551
Other	Shares Outstanding	4,707,000	4,692,000	4,710,000	4,300,000	4,295,000
	Number of Stockholders . . .	48,488	48,876	49,430	50,605	51,324
	Number of Employees	34,160	33,194	32,498	32,465	32,564

*Ratio of Current Assets
to Current Liabilities

The Borden Company



1951 1950 1949 1948 1947

\$722,770,380	\$631,114,120	\$613,763,267	\$649,592,375	\$602,959,406
\$122,158,335	\$113,004,008	\$109,780,054	\$106,131,433	\$101,175,326
\$ 19,128,541	\$ 15,731,165	\$ 12,870,762	\$ 10,638,021	\$ 11,879,797
\$ 11,285,846	\$ 10,366,594	\$ 9,661,874	\$ 8,512,816	\$ 7,703,212
\$ 18,080,371	\$ 20,147,073	\$ 21,890,479	\$ 19,179,427	\$ 19,793,276
2.50¢	3.19¢	3.57¢	2.95¢	3.28¢
\$4.20	\$4.69	\$5.10	\$4.46	\$4.61
\$ 12,036,366	\$ 12,019,910	\$ 11,593,320	\$ 10,944,885	\$ 10,807,100
\$2.80	\$2.80	\$2.70	\$2.55	\$2.55

\$114,987,211	\$101,355,105	\$106,653,894	\$105,918,817	\$ 89,445,530
3.86:1	3.73:1	4.01:1	4.28:1	3.74:1
\$ 73,742,837	\$ 54,906,173	\$ 48,988,814	\$ 57,636,783	\$ 48,922,300
\$208,894,814	\$196,471,088	\$181,709,298	\$174,020,197	\$162,649,180
\$ 93,006,980	\$ 86,900,462	\$ 81,504,208	\$ 77,436,818	\$ 73,367,153
\$115,887,834	\$109,570,626	\$100,205,090	\$ 96,583,379	\$ 89,282,027
\$ 60,000,000	\$ 45,800,000	\$ 47,200,000	\$ 48,600,000	\$ 35,000,000
\$172,017,360	\$166,269,312	\$159,759,940	\$150,349,937	\$142,126,550

4,300,000	4,300,000	4,291,000	4,300,000	4,292,000
51,479	51,121	52,386	51,788	50,445
32,475	31,545	31,166	31,483	32,399

Consolidated Balance Sheet

The Borden Company

ASSETS

	December 31	
	1956	1955
CURRENT ASSETS:		
Cash	\$ 46,443,414	\$ 42,260,472
United States Government Securities	8,191,234	18,162,962
Receivables	53,752,483	47,014,214
(Less Reserves—1956, \$3,107,364; 1955, \$2,909,733)		
Inventories (Note 2) :		
Finished Goods	34,964,502	33,801,635
Materials and Supplies	27,202,762	25,201,473
Total Inventories	\$ 62,167,264	\$ 59,003,108
Total Current Assets	\$170,554,395	\$166,440,756
INVESTMENTS AND OTHER ASSETS:		
Unconsolidated Subsidiaries (Foreign and Domestic)	\$ 4,754,147	\$ 4,718,147
Securities on Deposit	1,517,457	1,518,543
(Pursuant to Workmen's Compensation Laws, etc.)		
Mortgages, Receivables, Etc.	6,320,742	6,233,437
Total	\$ 12,592,346	\$ 12,470,127
Less Reserves	431,860	422,994
Net Investments and Other Assets	\$ 12,160,486	\$ 12,047,133
PROPERTY AND EQUIPMENT	\$266,579,863	\$247,281,722
Less Reserves for Depreciation	127,647,295	119,172,355
Net Property and Equipment	\$138,932,568	\$128,109,367
DEFERRED CHARGES	\$ 3,856,230	\$ 3,065,713
TRADE-MARKS, PATENTS AND GOOD-WILL	\$ 1	\$ 1
TOTAL	\$325,503,680	\$309,662,970

See page 23 for notes to financial statements.

and Consolidated Subsidiaries

LIABILITIES

	December 31	
	1956	1955
CURRENT LIABILITIES:		
Accounts Payable	\$ 35,946,626	\$ 31,462,678
Accrued Accounts:		
Taxes (after deducting Treasury Notes equal to U. S. Federal Income Taxes—1956, \$18,400,000; 1955, \$19,800,000) . . .	3,181,564	3,162,252
Other	13,194,100	12,415,015
Total Current Liabilities	\$ 52,322,290	\$ 47,039,945
 THIRTY YEAR 27/8% DEBENTURES DUE 1981 (Note 3) . . .	\$ 52,625,000	\$ 53,750,000
 RESERVES FOR INSURANCE	\$ 7,926,483	\$ 7,668,351
 CAPITAL STOCK AND SURPLUS:		
Capital Stock—par value \$15 per share		
Authorized 8,000,000 shares		
1956	1955	
Issued 4,857,117 shares	4,848,758 shares	
Less Treasury Stock 150,117 “	156,758 “	
Outstanding 4,707,000 shares	4,692,000 shares . .	\$ 70,605,000
Capital Surplus (Note 4)	31,460,175	30,646,160
Earned Surplus (Earnings retained for use in the business) . . .	110,564,732	100,178,514
Total Capital Stock and Surplus	\$212,629,907	\$201,204,674
 TOTAL	\$325,503,680	\$309,662,970

Consolidated Income and Earned Surplus

The Borden Company

	Year Ended December 31	
	<u>1956</u>	<u>1955</u>
NET SALES	\$876,987,184	\$810,126,624
OTHER INCOME (Includes Interest, Dividends and Royalties— 1956, \$2,020,867; 1955, \$2,125,619)	<u>3,411,262</u>	<u>2,817,338</u>
TOTAL	<u>\$880,398,446</u>	<u>\$812,943,962</u>
LESS:		
Cost of Goods Sold	\$768,576,932	\$704,593,656
Selling, General and Administrative Expenses and Other Charges	65,603,234	65,780,822
Interest Expense	1,664,164	1,636,498
Provision for U.S. and Canadian Federal Income Taxes	<u>20,951,370</u>	<u>19,279,450</u>
TOTAL	<u>\$856,795,700</u>	<u>\$791,290,426</u>
NET INCOME FOR THE YEAR	\$ 23,602,746	\$ 21,653,536
EARNED SURPLUS AT BEGINNING OF YEAR	<u>100,178,514</u>	<u>91,701,344</u>
TOTAL	<u>\$123,781,260</u>	<u>\$113,354,880</u>
DIVIDENDS PAID (\$2.80 a share in each year)	<u>13,216,528</u>	<u>13,176,366</u>
EARNED SURPLUS AT END OF YEAR (Earnings retained for use in the business)	<u>\$110,564,732</u>	<u>\$100,178,514</u>

See page 23 for notes to financial statements.

and Consolidated Subsidiaries

Notes to Financial Statements

(1) BASIS OF CONSOLIDATION, ETC.: The financial statements include all Canadian operating subsidiaries and all domestic subsidiaries except one whose operations are not integrated with those of the Company. In consolidating the accounts of Canadian operating subsidiaries, assets, liabilities and income were converted at parity of exchange.

The Company's equity (approximately \$3,800,000 for 1956 and \$4,100,000 for 1955) in the net income of unconsolidated subsidiaries is included in Other Income only to the extent of dividends received (in 1956 \$500,000; in 1955 \$600,000). The Company's equity in the net tangible assets of the unconsolidated subsidiaries at December 31, 1956, as shown by their books, is approximately \$17,100,000 more than its investments in these subsidiaries.

The unamortized portion of the consideration paid for businesses acquired since January 1, 1955 in excess of the values assigned to net tangible assets, \$1,195,617 is included with Deferred Charges.

(2) INVENTORIES: In valuing inventories and in determining the cost of goods sold, average costs (reduced to market, if lower) were used, except as to certain products for which the last-in, first-out (Lifo) method was used. The inventory valuations of products on the Lifo basis were less than the current cost of those products by approximately \$8,000,000 and \$7,200,000, respectively, at December 31, 1956 and 1955.

(3) DEBENTURES: The Company shall pay into a sinking fund a sum sufficient to redeem on March 1, 1958, and on each March 1 thereafter, to and including March 1, 1980, \$1,250,000 principal amount of Debentures with the option to increase any payment by an amount not exceeding \$1,250,000. The sinking fund obligation due on March 1, 1957 was satisfied prior to December 31, 1956 by delivery to and cancellation by the trustee of Debentures of a principal amount of \$1,250,000. The Company also has purchased and holds in its treasury Debentures of a principal amount of \$1,125,000 which are not shown as outstanding.

(4) CAPITAL SURPLUS: Capital surplus increased during 1956 by \$814,015 representing: the excess of consideration received over the par value of capital stock issued from the treasury for the acquisition of new businesses less the excess of cost over par value of capital stock acquired, \$331,903; the excess of the option price over the par value of the shares issued pursuant to options exercised, \$337,286; and proceeds from disposals of properties previously written off against capital surplus, \$144,826.

(5) EMPLOYEES STOCK OPTION PLAN: The Plan, approved by the stockholders on April 20, 1955, authorized the purchase up to 400,000 shares of the capital stock of the Company pursuant to options for not more than ten years at prices not less than 95% of its market value at the time they are granted.

No options were outstanding at the beginning of the year. On May 29 options for 143,285 shares at \$55.35 a share were granted to 1,295 employees. During the year 8,359 shares were purchased and options for 625 shares were cancelled due to termination of employment. At the close of the year, options for 134,301 shares were outstanding and 257,340 shares remained available for the granting of options.

(6) DEPRECIATION AND RENTALS: Provision for depreciation charged to operations was \$15,130,492 for 1956 and \$14,282,324 for 1955. Rentals amounted to approximately \$6,700,000 for 1956 of which \$4,400,000 was related to long term leases.

(7) INCOME TAX: The Company, for income tax reporting only, has adopted the declining-balance method of computing depreciation on its property and equipment in the United States acquired after December 31, 1953, as permitted by the U. S. Internal Revenue Code of 1954. Income taxes for 1956 have been reduced by approximately \$1,900,000 arising from the additional deduction for depreciation so allowable for income tax reporting of which about \$925,000 is applicable to 1955 and 1954. In the year 1955 income taxes were reduced by the transfer of \$2,350,089 from reserves provided in prior years.

(8) EMPLOYEES RETIREMENT INCOME PLAN: The Employees Retirement Plan was amended as of October 1, 1956 pursuant to approval by the stockholders on April 18, 1956. As of that date purchase of annuities under a group contract (at an annual cost of approximately \$700,000) was discontinued and a Trust Fund was established for the purpose of receiving Company and employee contributions for the payment of retirement income under the amended plan. The additional lump-sum cost of retirement income for service prior to October 1, 1956 is borne by the Company and is actuarially estimated to be approximately \$33,700,000. The estimated rate of annual charge to operations after October 1, 1956, including past-service cost based on funding over a 30-year period, is approximately \$3,675,000.

(9) CONTINGENCIES: The Company was guarantor of bank loans to foreign affiliated companies in amounts aggregating approximately \$1,150,000 at December 31, 1956. See comment on Page 10 of this Report for information regarding litigation.

Accountants' Certificate

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET
NEW YORK 4

February 25, 1957.

THE BORDEN COMPANY:

We have examined the consolidated balance sheet of THE BORDEN COMPANY and Consolidated Subsidiaries as of December 31, 1956 and the related statement of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and earned surplus present fairly the financial position of the companies at December 31, 1956 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

The Borden Story



From tradition, a foundation for a second century

A birthday is an occasion for looking back, and for looking ahead. The birthday wish, "Many Happy Returns," formalizes that thought. Custom dictates, also, that anyone reaching memorable age ascribe the factors that made it possible.

The Borden Company has reached memorable age: In 1957, it celebrates its 100th birthday. In its time it has witnessed prosperity and panics, depressions and wars, undergone change as times and customs changed. What accounts for its longevity? The quality of its products, yes, but even more than that: The industry of its employees, the confidence of its stockholders, the loyalty of its customers, the reliability of its suppliers. With one of these missing, there might be no Borden Company. Yet all of these attributes would not be enough were it not for one other—an ability to adapt to change. That ability gives the Company solid substance as it prepares for the next 100 years.

Times change and time changes. As it stands on the threshold of its second century, the Company can look back to the day when it had but three owners. Now it has almost 48,500 stockholders. A hundred years ago, it had ten employees; today, there are more than 34,000. The Company has grown from one plant to more than 700 business locations, including several hundred plants and many more hundred branches and sales offices. The Company began with one product — condensed milk, invented by the founder, Gail Borden. Now it produces more than 800 products. The earliest records still available show sales of \$48,000 in 1859; in 1956, sales were \$877,000,000. The first profit statement, for the war boom year of 1864, listed net income at \$145,000. In 1956, profits were at an all-time high of \$23,600,000. Borden's first customer was a Connecticut general storekeeper; today, the Company, in its milk business alone, serves more than a million

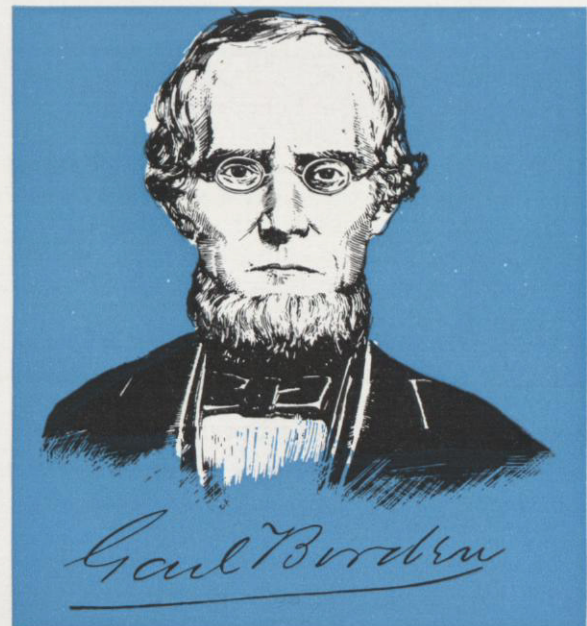
homes, and distributes upward of 2¾ billion food packages a year to customers throughout the United States and Canada and in more than 100 foreign countries.

Some of this growth has been sequence — an expanding population, higher incomes, even inflation. Most of it has been consequence — planned investment in new plants and equipment to widen markets; investment in research to develop new products, processes and techniques — all to meet the needs and anticipate the wants of consumers.

Out of its 100 years of experience, The Borden Company is preparing itself for the century ahead. It will use its Centennial as the occasion for looking back, and moving forward.

The man, Gail Borden

On the tombstone of Gail Borden in New York's Woodlawn Cemetery is the legend: "I tried and failed; I tried again and again, and succeeded."



These, essentially, are Gail Borden's own words, although there is no record that he wrote his own epitaph. Seventeen years before his death in 1874 he had written to a friend: "Did you ever know merchants to fail & try again and then succeed? Any less energy than mine would have suffered a total smash up. I stuck to it . . . and in the mean time, labored as man scarcely ever labors, and perfected an invention that will do more good for the world & my family than if I had been the richest merchant or wealthiest planter."

Prophetic words. The invention was the first practical method of making condensed milk. It was a product that gave the world for the first time a source of pure and wholesome milk, which was to earn for its discoverer the title, "Father of the modern dairy industry," and through the Company he founded, make his name a household word throughout most of the world.

Teacher, Surveyor, Editor

Gail Borden was 51 years old when in 1853 he invented condensed milk. He was 54 before he received patents for the process. On what he himself termed the "downhill side of life," he was about to embark on his most ambitious and most successful venture. Behind him lay a life crowded with careers enough for several men. He had been a schoolteacher and surveyor. He had been editor of the first permanent newspaper in Texas, had played a part in the founding of the Republic of Texas, had been collector of customs for the Port of Galveston, and a land owner and cattle raiser. His invention of a preserved meat biscuit had been awarded a gold medal at the London Exhibition of 1851. But years spent in developing condensed milk had left him in debt. In return for financial and technical assistance in securing patents he had acquired two partners who joined him in launching the world's first condensed milk factory. Set up in an abandoned carriage factory at Wolcottville (now Torrington), Conn., it opened in October, 1856, with Borden (who had designed and supervised construction of equipment) overseeing production and personally managing sales.

The First Condensery Closes

Shrewdly, Borden selected his first customer with care — a leader in the community whose opinion of the product would help

solidify this strange firm's position in Wolcottville. Charles McNeal, owner of the town's general store and drugstore and operator of the telegraph and post offices, thought well of the product, but few New York City customers did. Accustomed to the watered output of "swill milk dairies," to a product doctored with chalk for whiteness and molasses for "creaminess," they found Gail Borden's pure condensed milk strange, and therefore suspect. Few bought.

Borden's partners fast lost heart. Within a month, Borden returned to his adopted Texas. The world's first condensery closed.

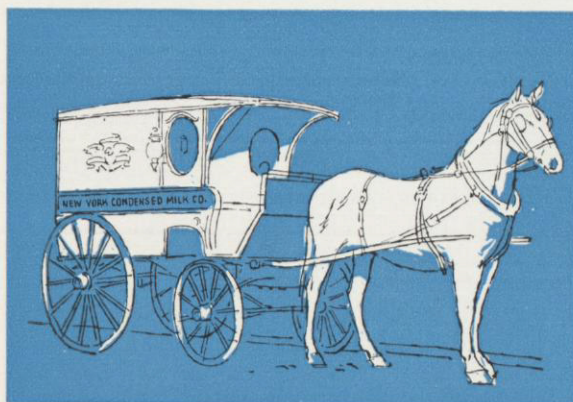


The Company grows

In the spring of 1857, Gail Borden returned North for another attempt at setting up a business, re-establishing a working relationship with his former partners.

On May 11, 1857, at Burrville, Conn., this time in an abandoned mill, Gail Borden, Jr., and Company, opened for business. This is the firm that is today The Borden Company, having carried a succession of corporate names from the New York Condensed Milk Company (1858) through the Borden Condensed Milk Company (1899) to its present title (1919).

But counteracting Gail Borden's determination was his ill-timing. The year of his company's founding has earned a place in history as the Panic of 1857—a short but sharp recession that would have smothered Borden's revived enterprise had it not been for his chance meeting on a train with Jeremiah Milbank, a wholesale grocer and banker. On the strength of a handshake, the two became partners, Milbank settling with Borden's former backers. In February, 1858, transfused with the financial lifeblood of



Milbank funds, the New York Condensed Milk Company came into being. Gail Borden was president.

But New York City housewives were still to be persuaded that milk meddled with by man was better than milk direct from cows housed in distillery stables and fed on fermented mash. Frank Leslie, editor of *Leslie's Illustrated Newspaper*, provided the persuasion with an attack on "swill milk." Gail Borden seized this opportunity for the Company's first advertisement, which appeared in *Leslie's* on May 22, 1858, written by Gail Borden himself. It was *Leslie's* exposé, too, that helped put the young firm on its feet. In 1858, the New York Condensed Milk Company bought its first horse and wagon, started its first route from lower Manhattan to 51st Street, spread across the river to Jersey City, N. J. Two new sales offices were opened.

Civil War: Tragedy and Triumph

Borden, quitting Burrville in a huff after an argument with his landlord about rent, opened a new plant at Wassaic, N. Y., in June, 1861, just two months after the first shot was fired at Fort Sumter, S. C. The Civil War was to prove a financial triumph and a personal tragedy for Borden; it marked the turning point for the business but it set Borden's two sons brother against brother — John Gail joining a New York regiment; Henry Lee, a Texas cavalry unit.

Borden's first Government order was for 500 pounds of condensed milk, received in the Autumn of 1861. From that time to the close of the war, his problem was production, not selling. To meet the demand for condensed milk, Borden began licensing firms to use his patent and trademark, "Borden's." In 1863, he opened a new factory at Winsted, Conn., independently of Jeremiah Milbank.

In 1864, Borden began operations at what he called his "perfect" plant in Brewster, N. Y., only four hours from New York City and capable of producing 20,000 quarts of condensed milk a day. Veterans — Confederate as well as Union — had spread word of this new product, and consumer sales climbed. Soon Borden had agents in Texas, Ohio, Kentucky, and Missouri. He was eagerly sizing up the opportunities in California, "the next best field to New York."

Borden's business was booming, so much so that the condensed milk field developed stiff competitors. Borden welcomed his opponents, but when they appropriated his trademark, "Borden's," the inventor became roiled. Vexed by these "manufacturers of inferior qualities," Borden in January, 1866, devised a new and distinctive trademark, "Eagle Brand," choosing as his symbol the American bald eagle rampant, as though warning "hands off."

The Crisis Passes

The year 1867 started off badly for the New York Condensed Milk Company. During the previous year the management of the young firm had overexpanded in the face of a declining postwar market. By January, the Company's plight was serious. On Milbank's orders, production at the Brewster plant was cut to one-quarter of capacity; at Wassaic, to a virtual standstill. In March, the foundering firm scraped bottom. But in April, sales picked up and production was increased. In May, Australian merchants placed orders totaling nearly \$20,000. The crisis was past.



On January 11, 1874, Gail Borden died in Texas, and was succeeded as president of the Company by his younger son, John Gail. Now on solid ground, the firm had passed through the Panic of 1873 with scarcely a

quiver, and it withstood, too, the passing of its dynamic founder. In 1875, the Company began selling fluid milk in New York City, its first step in product diversification.

The Company continued to grow under the direction of John Gail who, like his father, took a personal interest in production details and quality improvements. In poor health since his Civil War service, however, he retired in 1884, and the presidency passed on to his elder brother, Henry Lee. That same year, in June, Jeremiah Milbank died. In 1885, the Company began selling fresh milk in bottles — the same year that John Meyenberg, a Swiss, invented evaporated milk.

An Outside Firm Is Acquired

The New York Condensed Milk Company, a New Jersey corporation, was organized in December, 1891, to take over the business and assets of the New York corporation. Geographic and product diversification continued under the leadership of Henry Lee Borden. The Company began selling fresh milk in Chicago in 1892, that same year added evaporated milk to its product line. In 1894, the firm purchased the factory and interests of the Elgin Condensed Milk Company of West Elgin, Ill., marking the first acquisition of an outside company.

On April 24, 1899, the New York Condensed Milk Company was reorganized as the Borden Condensed Milk Company, a New Jersey corporation. Capitalization was increased from \$3 million to \$20 million. In all, there were 66 stockholders in the new public corporation.

As the 19th Century came to a close, the Borden Condensed Milk Company had plants and sales offices in 17 towns and cities in three states (New York, Illinois, New Jersey) and, in 1899, had entered the Canadian market with an evaporated milk plant in Ingersoll, Ontario.

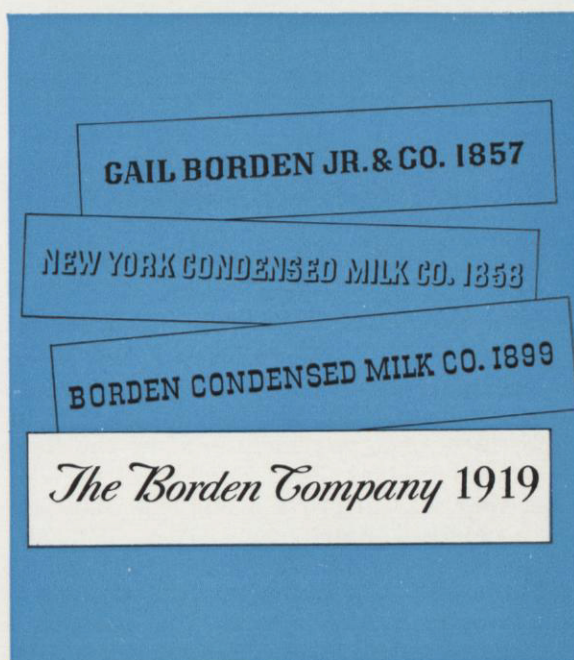
We Become The Borden Company

Henry Lee Borden retired as president in 1902, and was succeeded by William J. Rogers, who had joined the Company 39 years before as a routeman. That same year, also, Borden's acquired the American and Canadian holdings of the Anglo-Swiss Condensed Milk Company. Malted milk was added to the growing list of products in 1904.

Borden's advanced slowly and steadily with the acquisition of minor condensed,

evaporated, and fluid milk units and the construction of plants and opening of milk routes at a variety of locations. In 1910, S. Frederick Taylor, who had joined the Company as a stenographer, moved into the presidency upon the resignation of William Rogers. Under Taylor, pasteurization of milk under Borden auspices began in Chicago in 1911; in New York, the following year. In 1912, Borden's entered the fluid milk business in Montreal, and in Albany and Troy, N. Y.

In October, 1917, Arthur W. Milburn, who had started with the Company as an office boy, succeeded S. F. Taylor as president. Installed in the new post of chairman of the board was Albert G. Milbank, grandnephew of Jeremiah Milbank. Outside directors were added to the board for the first time in 1918. Then, in 1919, after 20 years as Borden's Condensed Milk Company, the firm's name was shortened to The Borden Company—the excision of those two words, condensed milk, being formal recognition of an accomplished fact: That Borden's was no longer identified with only one product.



In March, 1920, Borden's issued its first published annual report, covering the year 1919. It showed sales of \$122,000,000; net income of \$4,300,000. Manufacturing operations were being conducted through five subsidiaries; fresh milk distribution through Borden's Farm Products Company, Inc. Borden's new, and present, headquarters at 350

Madison Avenue, New York City, were completed in 1922. On December 30, 1927, stock of The Borden Company was listed for the first time on the New York Stock Exchange.

The growing dairy areas of the South were tapped by Borden's in 1927, with the construction of manufacturing plants at Lewisburg and Fayetteville, Tenn. Borden's expansion throughout the postwar period had been almost exclusively geographic. Beginning in 1928, however, it embarked upon a program of organized product diversification that shortly made it a major figure in four new fields — ice cream, cheese, dried milk, and casein.



Effective January 1, 1928, Borden's acquired the business and assets of two of the country's leading ice cream companies. On that same date, the business and assets of Merrell-Soule Company, manufacturer of Klim brand whole milk powder and None Such mince meat, were acquired. Cheese—including the famous Liederkranz brand — joined the product line in 1929. Borden's entered the adhesives business in 1929, also, with the acquisition of the Casein Company of America — thus forming the nucleus of its Chemical Division.

Arthur W. Milburn, who had directed the affairs of the Company for almost 20 years, died in October, 1937. He was succeeded the following month by Theodore G. Montague, who had been president of Borden's milk and ice cream business in Madison, Wisc. New products continued to appear on the market: Starlac nonfat dry milk in 1942; Borden's instant coffee in 1945. In 1943, the Company entered the soybean business.

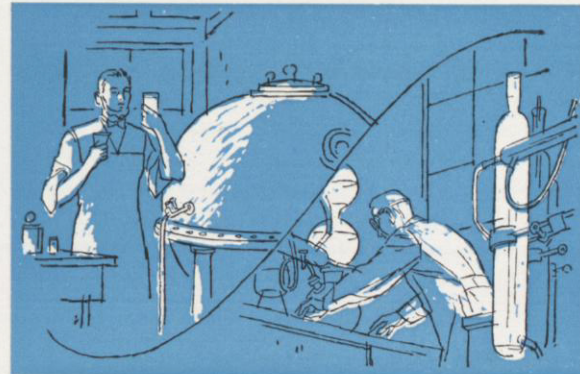
In September, 1948, Albert G. Milbank died, after having served as chairman of the board for 31 years. The post of board chairman was not filled until January 1, 1956,

with the election of Theodore G. Montague. At the same time, Harold W. Comfort became president of The Borden Company.

A century of research

Gail Borden conducted his early experiments on condensed milk with equipment borrowed from the Shakers at their religious community in New Lebanon, N. Y. He worked alone. A century later, the Company he founded would open a \$1,000,000 Research and Development Center with a staff of nearly 50 people engaged in food experimentation. Dozens of other Company research and quality control laboratories would rise, from a center for chemical research at Philadelphia to one from animal nutrition work at Elgin, Ill.

Opening the way for Borden's business progress has been a continuing series of scientific and technical achievements. Some—like the invention of condensed milk—have caught the public's imagination. Others—like the development of urea resin adhesives — have attracted little attention outside their specialized applications. All, however, bring about new or improved Borden products, build sales, and add to Company prestige.



The history of The Borden Company records a number of notable "firsts." In 1856, Gail Borden received a patent for an extract of coffee — with milk and sugar added. The product was sold by the Company until the late 1920's. Borden's pioneered the sale of fresh milk in bottles (1885); in cooperation with Government agencies established (1923) the temperature and time standards for milk pasteurization that are the basis for today's methods; made the first step-and-drive milk delivery truck (1925); marketed the first commercially successfully homogenized milk at Ottawa, Canada (1927); introduced the first irradiated vitamin D milk in the United

States (1933); was the first to transport milk by tank car (1936).

Spray-dried fruit juices, spray-dried skim milk used in baking, roller-dried skim milk used in animal feeds, were pioneered by firms later a part of The Borden Company. Mull-Soy, a milk alternate made from soy, was developed for those allergic to cows' milk. A method to use whey solubles from milk in animal feeds was developed by the Company in 1936, thereby spearheading the present Special Products Division.

Research: Keystone of Future Sales

And indicative of the Company's diversification is its number of "firsts" in non-food areas, particularly chemicals — a field virtually unknown in Gail Borden's day: The first non-slip finish for women's hosiery; the first plastic starch for home use; the first monomer hardening agents for plastic dentures.

In today's competitive business world, however, there is little time for reminiscences. Research is the keystone on which future sales and progress are built, and research draws on the past only for experience. Researchers dwell in tomorrow's world, an anomaly in time.

Throughout its second 100 years, Borden's will continue to produce new and improved products. What products or how many, no one knows. They will represent, certainly, the specialized knowledge of perhaps scores of people of varied skills, working with the best and latest in research equipment. But, more than that, they will carry the spirit of a man working alone with borrowed equipment, seeking perfection and satisfied with nothing less.

The Borden "family"

A century has wrought many changes in Borden's stockholder and employee family. Jeremiah Milbank, for example, gained a half interest in the firm in 1858 by settling Gail Borden's debts of \$6,000, advancing about \$600 to put the Burrville condensery in working order, and paying out a few thousand dollars to buy up patent rights. Today, The Borden Company has assets of more than \$325,000,000.

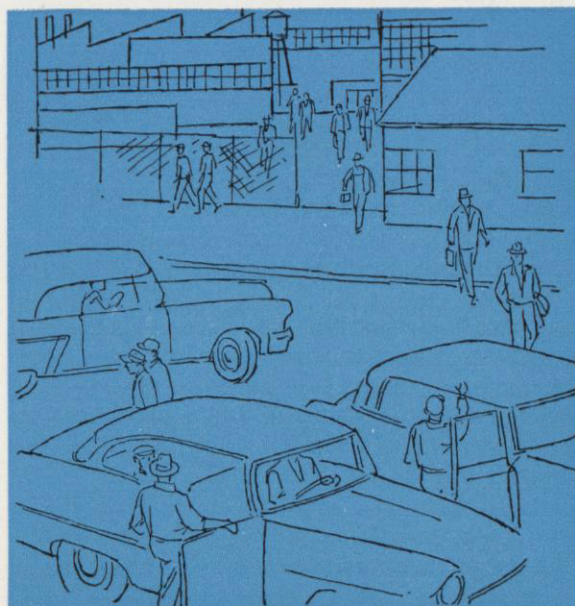
Gail Borden's invention of condensed milk was but the first step toward a successful business. Virtually without funds, he was by turn the young Company's research director, mechanic, salesman, and advertising copy-

writer. In 1861, the president of a going concern, he first permitted himself the luxury of an office boy — at five cents an hour. One day's entries in his journals for 1862 record the following: "Wash Cellar Windows; Hole through garret floor for Thermometer; Rubbish cleaned out; Sponges wanted." At its peak, the Burrville plant had perhaps ten employees, several of them men and women who had befriended Borden when he was struggling with his invention. All of them, of course, were unskilled; there was no one with experience in handling condensed milk.

Today, the varied skills and experience of about 34,000 men and women are required to direct and operate the world-wide activities of the Company. Payrolls total more than a half-million dollars each working day; employees are paid in American and Canadian dollars, English and Australian pounds, cruzeiros and guilders and pesos. The average employee today earns more in a month than his counterpart of 1860 earned in a year.

1899: 66 Shareholders

When the Company became a public corporation in 1899, its capitalization was increased to \$20,000,000 — 200,000 shares at \$100 a share. In all, there were 66 shareholders, for an average holding of 3,000 shares. Less than 60 years later, the number would have increased to more than 48,000 stockholders; the average holding would have dropped to less than 100 shares. In 1899, two shareholders—son and daughter of Jeremiah





Milbank—between them held 90,000 shares, or 45% of the outstanding stock. Today, so far as is known, no individual owns as much as 1% of the Company's outstanding stock.

Borden's growth as a widely-held corporation dates from December 31, 1927, when Borden stock was first listed on the New York Stock Exchange. At the close of 1927, Company records listed 5,664 shareholders. By the following year, that number had increased to 9,482, almost doubled to 17,167 in 1929, doubled again to 36,236 by 1932.

Owning Borden stock has become a tradition in many families. Company records reveal a number of third-generation owners who trace their holdings back to early employees, and to other men and women who had confidence in Borden's future. And recent stockholder approval of an Employees Stock Option Plan presages even wider distribution of ownership, and a closer bond between the two groups sharing a common interest: further progress for The Borden Company.

Borden's abroad

In the summer of 1954, a joint Canadian-American Arctic expedition set up an advance base on Ward Hunt Island, 400 miles from the North Pole. One August day, E. W. Marshall, a glaciologist with the U. S. Army Corps of Engineers, was circling the island when he came upon a dog sled, lashed upright, marking a cache of food. In the cache were pemmican and other meat products, several cans of Borden's Eagle Brand condensed milk, and a canister of tea. In the canister Marshall found a note, dated March 21, 1909, two weeks before the discovery of the Pole: "At the request of Commander R. E. Peary, who is now out on the Polar Sea



... I am leaving this cache as a possible aid to someone landing near here by a westerly drift." The note was signed, "D. B. McMillan, Assistant."

A Prophecy Fulfilled

It was the quest for a milk of good keeping qualities that could be shipped long distances that led Gail Borden to his experiments on condensed milk. How well he succeeded even he would witness—in orders from Australia, and from shipping companies whose vessels touched at every port. In the remote provinces of the Philippines, the words "Eagle Brand" were to replace "E Pluribus Unum" as the symbol of America. Eagle Brand labels would be printed in Spanish, French, Hebrew, and Chinese, and Gail Borden's name, as he himself had prophesied in 1856, would be "known in every civilized country."

Other Borden products have extended the Company's name beyond even the frontiers of civilization. Klim powdered whole milk has been used by mountain climbers in the Andes, Eskimos in the Arctic, and natives in the Belgian Congo. African natives praise it in song: "Klim Has Saved a Baby." Ernest Hemingway's game hunter uses it in "The Snows of Kilimanjaro." It has been dropped by parachute to men setting up the "Distant Early Warning" radar defense line in northern Canada. Klim is sold in more than 100 foreign countries and possessions.

Borden's reputation abroad is not confined to food products. In the chemical field, it is the largest producer of formaldehyde in South America, with a plant in Brazil. Borden chemical operations are located in Mexico, Australia, England and Canada, as well as in Brazil. A synthetic resins plant will open in the Philippines in the Spring of 1957.

Borden's activities abroad, exclusive of export operations, are conducted through almost a score of unconsolidated foreign subsidiaries and affiliates. Among these is Borden International, a Canadian company with eight subsidiaries, all but three in the chemical field. Principal food activities are conducted through Compania Internacional de Ventas, S. A., a Panamanian company, itself with several subsidiaries and affiliates operating in South America. Borden interests in its subsidiaries and affiliates range from 20% to 100%.

Insofar as it is feasible, the management of our foreign operations is in the hands of nationals of the countries in which the subsidiaries are located. Borden's has not in the past received substantial dividends from the earnings of these operations, because their earnings have been needed to provide the capital for their own growth.

The next 100 years

Each day, as science pushes back the frontiers of ignorance, the dividing line between the impossible and the feasible grows fainter.

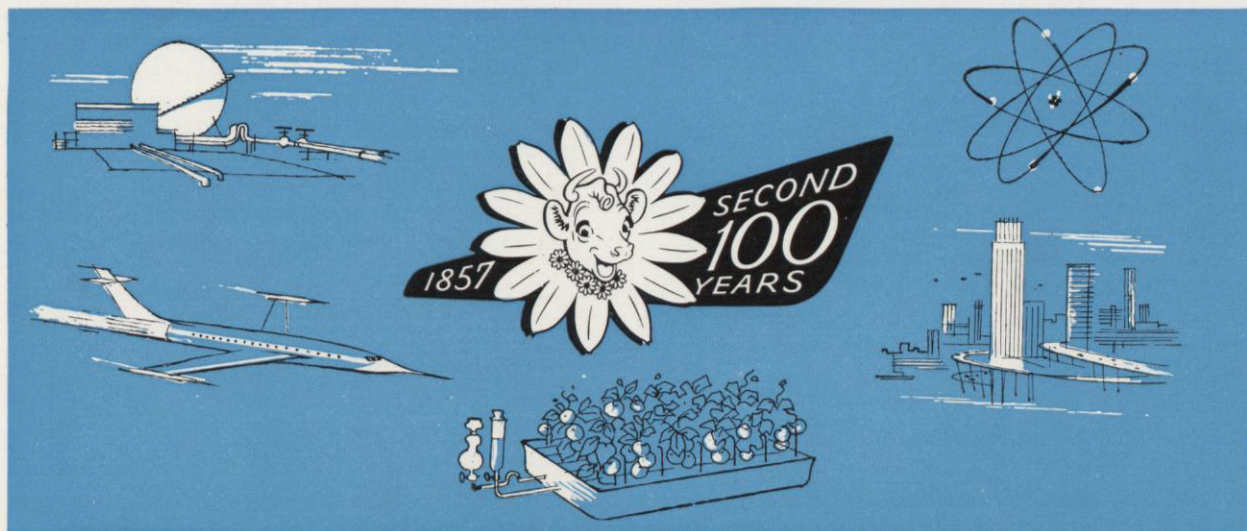
In 1856, Gail Borden wrote in his journals: "I have pursued this [condensed milk] against the light of science, and against the advice of the best Chemist in the country. I have done it." Man resists change, and yields to it only slowly. New York housewives resisted Gail Borden's condensed milk; some swore there was not a drop of milk in it. Housewives fought against the milk bottle, because its measure was too accurate. Vitamin-fortified milk for many years was considered "adulterated."

What products, processes, and techniques will become commonplace in the next 100 years? Food sterilized by atomic radiation? Fresh milk that will keep indefinitely without refrigeration in the unopened container? Perhaps some small development, such as plastic milk containers combining the best features of the bottle and the carton. Possibly a spectacular innovation of Jules Verne dimension—milk flowing by pipeline from country receiving station to city processing plant. Not all these changes will come about, but all are now in the minds of serious men or have progressed to their laboratories.

Chemurgy and Hydroponics

In the more distant future, chemurgy — the marriage of chemistry and agriculture: vast new food resources from seemingly waste materials. Hydroponic farming, the growth of plants without soil. Even artificial photosynthesis, the creation by man of the mystical process of plant growth. Scientists speak now of the artificial cow, her biological functions reduced to formulas — incredible, until we realize that the silkworm was once supreme, or that penicillin, not too long ago, was only a mold on bread.

But even the most sanguine seers do not foresee the day when the square meal will be replaced by a round pill. Eating is more than a biological necessity. It has social, sociological and even ethnological overtones, that science at its strongest cannot strike down. The cold glass of milk, the steaming cup of coffee, a cottage cheese salad, hot mince pie, spaghetti sprinkled with grated cheese — these, we predict, will be always with us.





Salt sticks, poppyseed knots, onion or bacon biscuits are made with packaged, prepared Borden's Biscuits. Molded gelatin salads and desserts are four of seven new varieties.



